

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 IGA-01 AID-05 AGR-05 EB-04 TRSE-00

CIEP-01 OMB-01 FRB-01 PM-03 L-01 NSC-05 CIAE-00

DODE-00 INR-05 NSAE-00 PA-01 RSC-01 USIA-06 PRS-01

SP-02 EUR-08 ACDA-05 COME-00 /082 R

DRAFTED BY NEA/INS:JELEADER:JES

APPROVED BY P:JJSISCO

NEA:SSOBER

S/S: JPMOFFAT

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FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

INFO AMEMBASSY NEW DELHI

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY KABUL

AMEMBASSY DACCA

C O N F I D E N T I A L STATE 236883

E.O. 11652: GDS

TAGS: EAID, PFOR, CE, US

SUBJECT: SRI LANKA AMBASSADOR CALL ON UNDER SECRETARY SISCO
PL 480

BEGIN SUMMARY: AMBASSADOR KANAKARATNE CALLED ON UNDER
SECRETARY SISCO OCTOBER 23 TO APPEAL FOR PL 480 DELIVERIES
EARLY IN 1975. SISCO RESPONDED THAT WE COULD GIVE NO
DEFINITE WORD NOW BUT WE WERE KEEPING SRI LANKA VERY MUCH
IN MIND. SISCO PROVIDED KANAKARATNE WITH RUNDOWN OF U.S.
ASSESSMENT OF CURRENT ISSUES INCLUDING SECRETARY'S VISIT
TO SOUTH ASIA. END SUMMARY.

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1. AMBASSADOR KANAKARATNE CALLED ON UNDER SECRETARY SISCO OCTOBER 23 TO DISCUSS SRI LANKA'S NEED FOR PL 480 WHEAT FLOUR. DEPT. OFFICERS KUX AND LEADER SAT IN. AMBASSADOR SAID SRI LANKA'S PROBLEM WAS NOT POLITICAL IN SAME SENSE AS SOME OTHER ISSUES WITH WHICH USG HAD TO DEAL BUT RATHER "AGE-OLD ECONOMIC PROBLEM." AMBASSADOR ASKED BY GSL TO REMIND OLD FRIENDS INCLUDING AID DEPUTY ADMINISTRATOR MURPHY, ASSISTANT SECRETARY OF AGRICULTURE YEUTTER AND MR. SISCO OF SRI LANKA NEEDS FOR PL 480 ASSISTANCE. CEYLONENE ARE CONSCIOUS OF U.S. PROBLEMS

INCLUDING CROP SHORTFALLS, BUDGET CONSTRAINTS AND HEAVY DEMANDS FOR GRAIN FROM SUCH CRITICAL AREAS AS BANGLADESH AND SAHEL. SRI LANKA SITUATION IS NOT CRITICAL AT MOMENT BUT COUNTRY WILL BADLY NEED GRAIN EARLY IN 1975.

2. KANAKARATNE WENT ON TO NOTE THAT FOOD PROBLEM IN SRI LANKA DOES HAVE POLITICAL DIMENSION. CURRENT ECONOMIC DIFFICULTIES COULD HAVE ADVERSE IMPACT ON STABILITY. WORLD BANK, IMF, FEDERAL REPUBLIC OF GERMANY AND KUWAIT ALL WERE BEING HELPFUL IN ASSISTING SRI LANKA THROUGH CURRENT DIFFICULTIES. SRI LANKA WAS ATTEMPTING SECURE FURTHER ASSISTANCE FROM OIL-PRODUCING STATES. GSL ALSO HOPED USG WOULD NOT OVERLOOK SRI LANKA NEEDS. HE NOTED THAT US \$8 MILLION PLEDGE AT PARIS HAD GREATLY DEPRECIATED IN GRAIN TONNAGE TERMS DUE TO PRICE INCREASES.

3. SISCO EXPRESSED UNDERSTANDING OF SRI LANKA'S DIFFICULTIES AND PROMISED TO LOOK INTO SITUATION. HE SAID HE HAD NO NEWS TO GIVE TODAY; CERTAINLY THERE WAS A TIGHT SQUEEZE ON PL 480. KUX SAID STRONG CASE COULD BE MADE FOR PL 480 TO SRI LANKA IN THIRD QUARTER OF FY 75. SISCO REASSURED KANAKARATNE THAT SRI LANKA WOULD NOT BE OVERLOOKED IN PL 480 CONSIDERATIONS.

4. SISCO NOTED SECRETARY WAS NOW IN MOSCOW WHERE ARMS LIMITATION QUESTION LOOMED LARGE. THEN HE WOULD PROCEED TO SOUTH ASIA, HIS FIRST OPPORTUNITY TO VISIT SUBCONTINENT AS SECRETARY. HIS VISIT WOULD BE AN EXPRESSION OF US INTEREST IN BROAD REGIONAL TREND TOWARD PEACEFUL RESOLUTION.
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ION OF PROBLEMS. THERE IS NO INTENTION FOR U.S. TO BECOME DIRECTLY INVOLVED. PROGRESS MADE TOWARD PEACE IN SUBCONTINENT IS GOOD INDICATION SOUTH ASIANS CAN WORK TOGETHER TO INCREASE PROSPECTS FOR SECURITY IN AREA. SECRETARY ALSO HOPED TO STRENGTHEN BILATERAL RELATIONS WITH COUNTRIES OF REGION. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, GRAINS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE236883
Document Source: CORE
Document Unique ID: 00
Drafter: JELEADER:JES
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740307-0296
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741012/aaaaakct.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 01 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 MAY 2002 by boyleja>; APPROVED <12 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SRI LANKA AMBASSADOR CALL ON UNDER SECRETARY SISCO PL 480
TAGS: EAID, PFOR, CE, US, (KANAKARATNE)
To: COLOMBO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005